Guardian Growth Fund Limited

Annual Report 1969

To the Shareholders

During 1969, stock markets in North America declined. Price declines were generally more pronounced in the U.S. than in Canada, and in lower quality stocks than in senior issues. During the calendar year, the Dow-Jones Industrial Average fell by 15.2%, the New York Stock Exchange Composite Index fell by 12.5% and the American Stock Exchange Index by 19.7%. A broad index such as the Value Line Industrials declined by 29%. In Canada, the Toronto Stock Exchange Industrial Index declined by 1.4% on the year.

Guardian also suffered a significant decline in net asset value per share in 1969, the first since the inception of the Fund in 1960. Net asset value per share fell by 25%. The quarter by quarter performance is tabulated below:

	Guardian Growth Fund		Toronto Industrials		Dow-Jones Industrials	
	Value	Change	Value	Change	Value	Change
Jan. 1	$10.97		188.93		943.75	
Mar. 31	$10.19	– 7%	190.35	+1%	935.48	– 1%
June 30	$ 8.88	–13%	177.44	–7%	873.19	– 7%
Sept. 30	$ 8.02	–10%	178.15	+0.4%	813.09	– 7%
Dec. 31	$ 8.28	+ 3%	186.37	+5%	800.36	– 2%
Year 1969		**–25%**		**–1%**		**–15%**

While 1969 was not a good year by any standard, Guardian's long-term record is still exceptional. Since inception in 1960, Guardian's net asset value per share has gained by 728% compared with a rise of 87.8% for the Toronto Industrials and 25.4% for the Dow; over the last two years the record shows a gain of 1.6% for Guardian as compared with a loss of 11.6% for the Dow-Jones and a gain of 14.8% for the Toronto Industrials. This long term record is shown below:

	Toronto Industrials	Dow-Jones Industrials	Composite Dow-TSE	Guardian Growth Fund	Guardian Differential
1960	+ 8%	– 3%	+ 2%	+11%	+ 9%
1961	+28%	+19%	+23%	+94%	+71%
1962	–10%	–11%	–10%	+ 1%	+11%
1963	+11%	+17%	+14%	+24%	+10%
1964	+21%	+15%	+18%	+54%	+36%
1965	+ 2%	+11%	+ 6%	+ 4%	– 2%
1966	–12%	–19%	–15%	+11%	+26%
1967	+10%	+15%	+12%	+70%	+58%
1968	+16%	+ 4%	+10%	+35%	+25%
1969	– 1%	–15%	– 8%	–25%	–17%
Totals 1960-69	**+88%**	**+25%**	**+56%**	**+728%**	**+672%**

Guardian's relatively poor result in 1969 was derived in part from the unusual, and in retrospect extreme, strength of a number of the Fund's holdings in the last quarter of 1968. In this quarter Guardian had a gain of 14% in a period when the Dow rose only 1% and the TSE Industrials rose only 7%. In this period also, the American Stock Exchange Index showed unusual strength, and price-earnings multiples became excessive. Lower quality issues, in fact, were more than normally in demand and the part of the Fund's portfolio invested in this area participated both in the last quarter gains and the subsequent correction.

Your management had been becoming increasingly cautious during 1968, and had at year-end 1968 increased cash reserves to 20% of net assets. In retrospect, it can be clearly seen that this caution was correct; the major mistake of late 1968 and early 1969 was in failing to carry through this overall market caution into a more critical evaluation of the quality of securities held. If a positive decision had been taken to grade the quality of all securities held, and to sell all of other than prime grade, then results in 1969 would have been improved, and cash reserves held would have proved to be more than adequate.

During the course of 1969, your management made certain organizational changes in the way in which Guardian's portfolio is managed. These changes reflected the increased size of the Fund since the early part of 1968, and also the growth in the size of the full-time management team available to participate. The Fund's portfolio has therefore been sub-divided into smaller portions; each portion has a one, two or three man management team which is free to invest its sub-portfolio as it sees fit. Your management keeps track of the relative performance not only of the Fund as a whole but also of each sub-portfolio. In addition, your management has created a cash, or borrowing power committee which allocates cash to the sub-pools, or removes it, and which is responsible for varying the size of the sub-pools by moving resources from one to another.

These sub-portfolio management groups act in a competitive, but co-operative way. Ideas are encouraged to flow from one group to the others, and any sub-portfolio may, if it wishes, participate in an idea initiated by another. In the various management groups, personalities can be blended where they complement each other, and relationships which are less effective can be avoided.

It is interesting to observe that different personalities and different interests are quickly reflected in the composition of the various sub-portfolios. Allocation of assets in different proportions at different times should therefore offer an opportunity of improving overall per share results.

This new method of operation has been in effect since September 30th, 1969. Performance in the last quarter of 1969 showed an improvement over earlier parts of the year.

All living organisms undergo cycles of change and reaction to change. Mutual funds and their managements seem to be no exception. For Guardian, one such critical period was 1965, and the adaptation to changed circumstances was successfully made. Another was the period 1968-9. It is your management's belief that the reaction was the correct one and that the results are already proving to be beneficial. Your management therefore looks forward to improved performance in 1970 and beyond, and hopes for exceptional results relative to the stock market as a whole.

On behalf of the Board,
Yours sincerely,

Norman Short

Guardian
Growth Fund
Limited
(Incorporated under the laws of Ontario)

Balance Sheet

as at December 31, 1969

		1969	1968
Assets	Investments — at market value (average cost — 1969 — $25,103,918; 1968 — $30,930,271)	**$26,854,648**	$45,275,104
	Short term note receivable and Government of Canada Treasury bill — at cost, plus accrued interest (equivalent to market value)	**7,352,977**	7,996,387
	Cash	**1,854,880**	2,580,271
	Due from brokers on sale of investments	**1,961,663**	1,899,778
	Dividends and accrued interest receivable	**78,736**	47,512
		38,102,904	57,799,052
Liabilities	Due to brokers on purchase of investments	**3,178,525**	3,629,555
	Accrued performance bonus (Note 2)	—	782,084
	Other accrued liabilities	**37,767**	18,181
		3,216,292	4,429,820
	Shareholders' equity — at market — equivalent to $8.28 per share (1968 — $10.97 per share)	**$34,886,612**	$53,369,232

Auditors' Report to the Shareholders

We have examined the balance sheet and statement of investments of Guardian Growth Fund Limited as at December 31, 1969 and the statements of income and expenses and changes in net assets for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Smith, Nixon & Co.
Chartered Accountants

Toronto, February 6, 1970

Shareholders' Equity

Capital stock (Note 1)	**Shares 1969**	Shares 1968	**1969**	1968
Fully participating redeemable preference shares with a par value of 20¢ each – Authorized less redeemed	**4,209,674**	4,865,077		
Outstanding	**4,206,705**	4,862,108	**841,341**	972,422
Common shares with a par value of 20¢ each – Authorized	**50,000**	50,000		
Outstanding	**4,500**	4,500	**900**	900
Capital redemption reserve			**31,764,789**	38,155,367
Unrealized appreciation of investments			**1,750,730**	14,344,833
Retained earnings (Deficit)			**528,852**	(104,290)
Total Shareholders' equity			**$34,886,612**	$53,369,232

See accompanying notes

Approved on behalf of the Board

Norman Short, *Director*
Alan Grieve, *Director*

Guardian
Growth Fund
Limited

Statement of Income and Expenses

for the year ended December 31, 1969

	1969	1968
Income		
Dividends	$ 279,239	$ 189,700
Interest	739,815	495,579
	1,019,054	685,279
Less: Interest expense	—	2,954
	1,019,054	682,325
Less: Foreign taxes withheld	29,629	41,348
	989,425	640,977
Expenses		
Management fee and performance bonus (Note 2)	572,036	1,302,524
Custodian fees	22,272	16,517
Legal and audit	7,648	6,896
Printing	13,591	10,477
Capital and place of business taxes	3,923	9,490
Transfer agent's fees and expenses	22,392	22,151
Miscellaneous	439	732
	642,301	1,368,787
Excess of income over expenses (expenses over income) before charging 50% of management fee and bonus to capital redemption reserve (Note 3)	347,124	(727,810)
50% of management fee and bonus charged to capital redemption reserve (Note 2)	286,018	651,262
Excess of income over expenses (expenses over income) transferred to retained earnings	$ 633,142	($ 76,548)

See accompanying notes

Guardian Growth Fund Limited

Statement of Changes in Net Assets

for the year ended December 31, 1969

	1969	1968
Net Assets — Beginning of year, represented by the following accounts:		
Capital stock	**$ 973,322**	$ 458,997
Capital redemption reserve	**38,155,367**	14,871,658
Unrealized appreciation of investments	**14,344,833**	3,410,492
Retained earnings (deficit)	**(104,290)**	(27,742)
	53,369,232	18,713,405
Increase (decrease) during the year		
Capital		
Net realized gain (loss) on sale of investments (allocated to capital redemption reserve)	**(382,203)**	4,967,842
Net increase (decrease) in unrealized appreciation of investments	**(12,594,103)**	10,934,341
Preference shares issued (Note 1)	**—**	20,100,227
Preference shares redeemed (Note 1)	**(5,853,438)**	(618,773)
50% of management fee and bonus charged to capital redemption reserve (Note 2)	**(286,018)**	(651,262)
	(19,115,762)	34,732,375
Income		
Excess of income over expenses (expenses over income) for the year	**633,142**	(76,548)
Net Assets — End of year	**$34,886,612**	$53,369,232
Represented by the following accounts:		
Capital stock	**$ 842,241**	$ 973,322
Capital redemption reserve	**31,764,789**	38,155,367
Unrealized appreciation of investments	**1,750,730**	14,344,833
Retained earnings (deficit)	**528,852**	(104,290)
	$34,886,612	$53,369,232

See accompanying notes

Guardian
Growth Fund
Limited

Statement of Investments

as at December 31, 1969

	No. of shares or par value of debentures	Average Cost	Market Value
Rank Organisation – Class A	141,300	$ 1,852,440	$ 2,313,785
I.B.M.	5,600	1,976,032	2,189,187
Keydata Corp.	250,000	1,074,688	1,887,800*
Sherritt Gordon Mines	77,100	1,280,587	1,503,450
National Medical Enterprises	27,000	1,209,890	1,433,396
Kaiser Resources	74,000	888,000	1,369,000
Consumers Distributing	55,000	846,391	1,093,125
Graphic Sciences	12,250	523,280	504,177
Graphic Sciences – 6% Conv. Debs. 1983	U.S. $315,000	467,506	452,702
George Weston	34,000	643,620	782,000
Ripley International	143,000	1,001,000	679,250
Bearings Inc.	12,000	549,770	604,890
Canadian Goldale	25,000	62,500	181,250
Canadian Goldale – 8% Conv. Debs. 1979	$500,000	500,000	400,000
Computing and Software	8,000	537,850	564,135
American Smelting and Refining	14,000	470,202	486,111
Computel Systems	32,300	393,492	339,150
Computel Systems – 6% Conv. Debs. 1988	$275,000	330,000	144,375
Brascan	30,000	517,528	478,603
Home Oil – Class A	14,000	592,279	441,000
Kaps Transport	40,000	425,073	440,000
National Cash Register	2,500	398,775	430,341
UniCapital Corp.	10,000	422,437	375,375
Leisure Group	10,000	360,000	361,969
Canadian Superior Oil	11,100	331,636	349,650
Burroughs	2,000	338,712	337,569
Northwestern Steel	4,200	344,199	334,460
Consolidated Computer	10,627	107,120	132,835
Consolidated Computer – 5% Conv. Debs. 1984	$150,000	161,589	187,500
Aetna Life and Casualty	7,500	328,018	311,695
Hospital Corp. of America	7,000	283,531	307,807
Sklar Manufacturing	98,400	452,640	295,200
Flying Tiger Line	10,000	247,799	278,850
National Data Communications	4,000	225,750	278,850
Interprovincial Pipe Line	10,500	236,107	246,750
Varian Associates	8,000	295,180	241,312
C. A. Pitts	21,400	144,450	240,750
Canadian Tire – Class A	3,500	241,490	239,750
Walter Kidde	4,597	257,919	229,257
Bassett Furniture	6,000	214,778	228,442
Capital Diversified – 8½% Conv. Debs. 1979	$250,000	250,000	226,250
Security Corp.	5,000	211,603	207,796
Miscellaneous holdings		3,108,057	2,724,854
		$25,103,918	$26,854,648

Notes

(a) Cost prices of foreign securities have been converted into Canadian funds at the approximate rate of exchange prevailing at the time of purchase.

(b) Market prices of foreign securities have been converted into Canadian funds at the closing rate of exchange on December 31, 1969.

*(c) Since no public market exists for this security, it has been valued at a price which the directors of the Company consider to be its fair value.

Notes to Financial Statements

for the year ended December 31, 1969

1 Capital Stock

A The preference shares which confer the right to one vote per share, are redeemable at the option of the holder at 100% of the net asset value per share, up to the amount available in the capital redemption reserve.

B The common shares confer the right to twenty votes per share.

C The Company ceased selling shares of capital stock from treasury during April, 1968.

D During the year ended December 31, 1969, the Company redeemed 655,403 preference shares for an aggregate amount of $5,853,438 of which $131,081, equivalent to the par value of the shares redeemed, was allocated to share capital and the balance, $5,722,357 to capital redemption reserve.

2 Management Fee and Bonus

A Under a contract with Gdn. Management Limited ("Gdn."), Guardian Growth Fund Limited (the "Company") pays a basic expense, management and advisory annual fee, computed such that this fee plus certain other administrative expenses of the Company total 1½% of the average net assets of the Company. In addition to the basic fee, the Company will pay a performance bonus to Gdn. if the Company outperforms certain stock market averages. This bonus is a percentage of average net assets during the year equal to 1/10th of the amount by which the percentage gain in the net asset value per share of the Company exceeds the median percentage gain of the Toronto Industrial Index and the Dow-Jones Industrial Average in the same year; or conversely 1/10th of the amount by which the percentage loss in the net asset value per share of the Company is less than the median percentage loss of these indices. The bonus is not to exceed 2% of such average net assets and is payable to Gdn. subsequent to the Company's year-end.

For the year ended December 31, 1969, no performance bonus is payable. For the year ended December 31, 1968, the maximum bonus rate was applicable and the bonus paid by the Company for that year was $782,084.

B It is the policy of the Company to charge 50% of the management fee and bonus against income and 50% against capital for the reason that both the production of income and the management of capital are investment management functions.

3 Income Taxes

No provision for Canadian income taxes was required for the year ended December 31, 1969, since the Company had sufficient losses for tax purposes from prior years to offset the current year's taxable income.

Guardian Growth Fund Limited

48 Yonge Street, Toronto 1, Ontario

Directors and Officers
James F. Cole
Alan Grieve, *Vice-President and Secretary-Treasurer*
Richard E. McConnell
Norman J. Short, *President*
Murray M. Sinclair

Transfer Agent and Registrar
The Canada Trust Company
110 Yonge Street, Toronto 1, Ontario

Banker and Custodian of Securities
The Canadian Imperial Bank of Commerce
7 King Street East, Toronto 1, Ontario

Auditors
Smith, Nixon & Co.
372 Bay Street, Toronto 1, Ontario

Legal Counsel
Day, Wilson, Campbell
250 University Avenue, Toronto 1, Ontario

der Rinaldo Associates

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Guardian Growth Fund Limited
48 Yonge Street, Toronto 1, Ontario
Telephone 364-8341

June 30 / 1969

Guardian Growth Fund Limited

Quarterly Report

Basic Aim

The aim of the Fund is to provide a means of investment for that portion of an individual's portfolio which looks towards above average capital gains. In the purchase of securities, consideration is given first to growth of capital, with due regard to safety of principal and income.

Quarterly Report June 30th, 1969

	Value	Percent Change Since		
	June 30 1969	Mar. 31 1969	Dec. 31 1968	June 30 1968
Guardian Growth Fund Net Asset Value Per Share	$ 8.88	−12.8%	−19.1%	+ .7%
Toronto Industrials	177.44	− 6.8%	− 6.1%	+6.5%
Dow-Jones Industrials	873.19	− 6.7%	− 7.5%	−2.7%

To the Shareholders

During the first half of 1969, the stock market suffered a significant decline. The Toronto Industrials during this period declined by 6.1% and the Dow-Jones Industrial Average declined by 7.5%. Some broader market indices for the U.S. market showed a decline greater than that of the Dow-Jones for the same period. The American Stock Exchange Index, for instance, in the first six months of 1969 fell by 16%. During this same period, Guardian Growth Fund's net asset value per share fell by 19%.

Your management is obviously neither pleased nor satisfied with this result, and has therefore been devoting a great deal of study and thought to the current environment, and Guardian's activities in relation to it.

Your management has frequently stated that Guardian's policy of investing in the shares of less seasoned and more aggressive companies is likely to result in greater volatility of performance results than would result from a policy of buying and holding "blue chip" securities. There would appear in recent times to be a trend to greater volatility in securities generally, and especially in those securities most interesting to performance conscious investors. With the continuing increase in the number of performance investors, this trend can be expected to be extended.

Your management therefore believes that successful investment results in the foreseeable future will require not only good security selection, but also more emphasis on timing. This timing emphasis will reflect itself not only in the increases and decreases in cash reserves, but also in a deliberately changed quality balance in the portfolio at different phases of the market cycle. This is not a change in approach for Guardian. It does reflect your management's belief, however, that these portfolio moves must be made deliberately and meaningfully, and at the right time, and that greater emphasis must be placed on overall portfolio planning.

During the second quarter of the year, your management continued to increase Guardian's cash reserves. At March 31st, this reserve was 12% of net assets, but had been increased by the time the first quarter report was written to 18%. At June 30th 1969 the cash and bank deposit reserve was 30% of net assets. As mentioned in the

March report, the holdings of University Computing, American Medical Enterprises and Beverly Enterprises were eliminated in the second quarter; this also applied to Leasco Data warrants, Medicenters of America, Famous Players, Bausch and Lomb, McLean Industries, Collins Radio, Brenda Mines, J. W. Mays, Flying Tiger Line and Bramalea. Significant reductions were made in other holdings including Bath Industries and Harvey's Foods.

Purchases during the second quarter included Benguet and Grand Bahama Development Company. I.B.M. became Guardian's largest single investment. Other purchases included Consumers Distributing and George Weston Limited.

During the second quarter of the year it became apparent that fiscal and monetary policy, both in the U.S. and in Canada, was making a serious attempt to dampen inflationary psychology, even at the risk of some increase in unemployment and the potential problems that lack of liquidity can produce. These policies first affect stock and bond markets, which have been weak. Some signs of caution are starting to appear in consumer spending intentions, and of less optimism in business spending intentions. Business cycle leading indicators now look uncertain. Consumer prices and wage settlements, two lagging indicators, could reasonably be expected to soften in due course, provided that fiscal and monetary pressures are not relaxed too soon. While deflation is painful in the short run, in the long run it creates the possibility of a sound base for orderly economic expansion. It will continue to be of importance to study closely the trends in official fiscal and monetary policy.

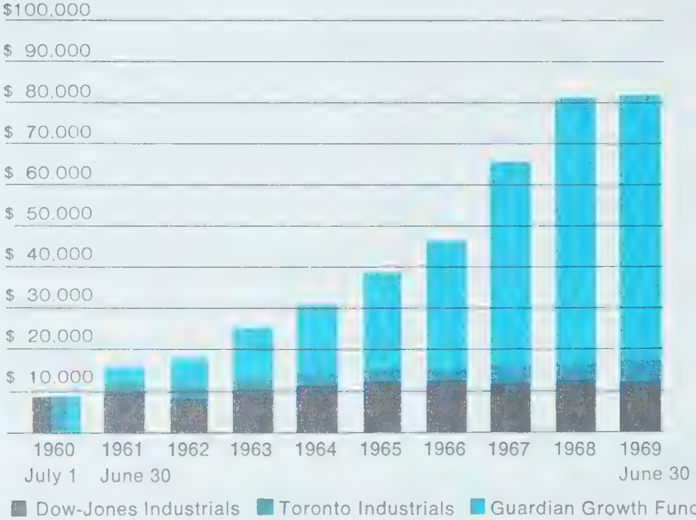
It is your management's current intention to preserve significant cash reserves; to continue to improve the quality of holdings; and to prepare watchfully for the time when a more aggressive policy is indicated.

On behalf of the Board
Yours sincerely,

Norman Short

Performance Record

Guardian Growth Fund was started on July 1st, 1960. Shareholders may be interested in the record of growth in value of an investment of $10,000 on July 1st, 1960, less an 8½ % sales commission. This growth record is depicted graphically below, together with the comparative record of the Canadian and U.S. market indices.



Between July 1st, 1960 and June 30th, 1969 Guardian Growth Fund's net asset value per share rose from $1.00 to $8.88 for a gain of 788%. In the same period, the Toronto Stock Exchange Industrial index rose from 99.22 to 177.44 for a gain of 78.8%, and the Dow-Jones Industrial average rose from 638.38 to 873.19 for a gain of 36.8%. Guardian's per share value has been able to outperform the index in years of good markets. In 1962 and 1966, years of significant decline in the market as a whole, Guardian Growth Fund achieved gains in per share net asset value of 1% and 11% respectively.

Guardian's shares are no longer being offered from the treasury. The net asset value, or bid price, is still listed in the "mutual funds" section of the daily market quotations.

An "over-the-counter" market in Guardian's shares has also developed. Your investment dealer will be glad to be of assistance in buying or selling shares of Guardian.

Major Holdings June 30, 1969

Shares Held	Name	Market Value
3,500	I. B. M.	$ 1,278,170
25,000	Aetna Life & Casualty	1,236,680
20,000	Zapata Norness	1,162,340
36,000	O.S.F. Industries	990,000
40,000	Republic Mortgage Investors	967,720
30,000	Leisure Group	924,470
37,050	Computel Systems	885,675
12,025	Graphic Sciences	841,200
50,000	Grand Bahama Dev. Corp.	817,690
25,000	Clevepak	770,390
25,000	Benguet Consolidated	723,080
87,500	Canadian Goldale	721,875
100,000	Block Brothers Industries	712,500
8,000	Lum's	692,000
22,000	National Medical Enterprises	689,840
15,000	AITS	679,160
30,000	C. A. Pitts Engineering & Construction	648,750
40,000	Dylex Diversified	630,000
5,500	Mortgage Investment Group	606,580
5,000	Bath Industries	597,390
15,000	Kroger	594,010
15,000	Reynolds Metals	587,930
30,000	George Weston	570,000
125,000	Sklar Manufacturing	515,625
12,000	Mouldings	493,050
34,500	Consumers Distributing	452,810
35,500	Fibre Products	448,190
7,000	Southdown	431,450
24,000	I.T.L. Industries	426,000
10,000	McLouth Steel	421,690
	Other Holdings	6,905,355
	Net Cash and Receivables	12,365,997
Total Net Assets		40,787,617

Brief Description of Major Holdings

IBM major computer manufacturer.

Aetna life and Casualty a major U.S. life and casualty insurance company.

Zapata Norness an offshore drilling company with substantial shipping interests.

O.S.F. Industries designer and builder of restaurant, store and hotel interiors and furnishings, which has recently taken an interest in land development in Toronto and the development of a major resort and recreational area of Great Harbour Cay in the Bahamas.

Republic Mortgage Investors a trust investing in high yield development, construction and permanent first mortgages on residential and commercial properties, frequently guaranteed by U.S. government agencies or mortgage banks operating on the East Coast of the United States.

Leisure Group manufacturer and marketer of leisure time and recreational products.

Computel Systems rapidly expanding computer utility with Univac 1108's in Ottawa and Toronto, an IBM 360/65 in Ottawa, and a leasing subsidiary.

Graphic Sciences developer of a system that will send pictures and printed matter over telephone lines at low cost.

Grand Bahama Development Corp. is the land sale arm of the Port Authority of Freeport. The Company also manages the gambling casinos and hold substantial interests in the retailing, property management and air port companies.

Clevepak manufacturer of specialty paper based products used in various proprietary packaging processes.

Benguet Consolidated is a Philippine mining company which now controls the Port Authority of Freeport, Grand Bahama Island. Freeport is one of the fastest growing tourist areas in the world and the Port Authority has an interest in almost every commercial venture on the island including land sales, retailing, hotel operation, power transmission and gambling.

Canadian Goldale develops and manages real estate recently merged with Aetna Investments Limited, which owns a major interest in Commonwealth Savings and Loan Corporation.

Block Brothers leading B.C. realtor with revenue producing property interests.

Lum's franchiser of specialized limited menu restaurants primarily in the southern United States.

National Medical Enterprises operator of private general hospitals and extended care facilities in California.

AITS a travel organization specializing in group inclusion tours to Hawaii, the Mediterranean and the Far East.

C. A. Pitts a Canadian construction company specializing in road, tunnel and marine construction.

Dylex Diversified a major Canadian manufacturer and retailer of men's and ladies' clothing with interests in packaging and home furnishings.

Mortgage Investment Group a mortgage trust investing in high yield development, construction and permanent first mortgages on residential and commercial properties, frequently guaranteed by U.S. government agencies or mortgage banks operating in Western United States.

Bath Industries ship builder recently diversified into vinyl floor coverings, carpeting and furniture manufacturing.

GUARDIAN GROWTH FUND LIMITED

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30th, 1969

GUARDIAN GROWTH FUND LIMITED

INTERIM STATEMENT OF INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED JUNE 30th,1969

(With comparative figures for the six months ended June 30th,1968)

	1969	1968
INCOME		
Dividends	135,123	91,026
Interest	304,577	204,539
	439,700	295,565
Less: Interest expense	--	2,190
	439,700	293,375
Less: Withholding taxes on foreign income	16,452	11,200
	$ 423,248	$ 282,175
EXPENSES		
Management fee (Note 2)	346,266	298,000
Bank charges	12,448	8,544
Audit	750	2,030
Legal	700	2,455
Printing, postage and stationery	10,390	8,815
Registration fees and taxes	4,265	2,485
Transfer agent's fees and expenses	10,200	14,500
Miscellaneous	10	711
	$ 385,029	$ 337,540
EXCESS OF INCOME OVER EXPENSES (EXPENSES OVER INCOME) BEFORE CHARGING 50% OF MANAGEMENT FEE TO CAPITAL REDEMPTION RESERVE	38,219	(55,365)
50% OF MANAGEMENT FEE CHARGES TO CAPITAL REDEMPTION RESERVE (Note 3)	173,133	149,000
EXCESS OF INCOME OVER EXPENSES TRANSFERRED TO EARNED SURPLUS	$ 211,352	$ 93,635

GUARDIAN GROWTH FUND LIMITED

INTERIM STATEMENT OF CHANGES IN NET ASSETS

FOR THE SIX MONTHS ENDED JUNE 30th, 1969

(With comparative figures for the six months ended June 30th, 1968)

	1969	1968
NET ASSETS - JANUARY 1st, equivalent to $10.97 per share (1968 - $8.15 per share)	53,369,232	18,713,405
Add: Excess of income over expenses for the period	211,352	93,635
Preference shares issued	--	20,100,227
Net realized gains on sale of investments	3,636,849	499,615
Net increase (decrease) in unrealized appreciation of investments	(13,577,035)	4,218,975
	43,640,398	43,625,857
Less: Preference shares redeemed	2,679,648	618,774
50% of management fee charged against capital redemption reserve (Note 3)	173,133	149,000
	2,852,781	767,774
NET ASSETS - JUNE 30th, equivalent to $8.88 per share (1968 - $8.82 per share)	$ 40,787,617	$ 42,858,083

GUARDIAN GROWTH FUND LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30th, 1969

1. The company ceased selling its shares of capital stock during April, 1968.

2. Under a contract with Gdn. Management Limited ("Gdn.") as amended in 1968, Guardian Growth Fund Limited (the "Company") pays a basic expense, management and advisory annual fee, computed such that this fee plus certain other administrative expenses of the company total $1\frac{1}{2}\%$ of the average net assets of the company. In addition to the basic fee, the company will pay a performance bonus to Gdn. if the company outperforms certain stock market averages. This bonus is a percentage of average net assets during the year equal to 1/10th of the amount by which the percentage gain in the net asset value per share of the company exceeds the median percentage gain of the Toronto Industrial Index and the Dow-Jones Industrial Average in the same year; or conversely 1/10th of the amount by which the percentage loss in the net asset value per share of the company is less than the median percentage loss of these indices. The bonus is not to exceed 2% of such average net assets and is payable to Gdn. subsequent to the company's year-end.

   No performance bonus has been accrued in the attached Statement of Income and Expense for the six months ended June 30th, 1969. For the six months ended June 30th, 1968, a performance bonus in the amount of $111,000 was accrued and included as part of the management fee.

3. It is the policy of the company to charge 50% of the management fee and bonus against income and 50% against principal for the reason that both the production of income and the management of principal are investment management functions.